

BEFORE THE  
DEPARTMENT OF HEALTH CARE ACCESS AND INFORMATION  
STATE OF CALIFORNIA

In the Matter of the Penalty Issued to:

**SUTTER HEALTH**

Appellant.

HCAI No. 25-015C-HSD

PROPOSED DECISION

This matter was heard before Michelle Church-Reeves, Hearing Officer, Department of Health Care Access and Information (“HCAI”), State of California, beginning on Monday, November 24, 2025, at 1:26 PM PST.

Respondent HCAI was represented by Alma Lopez, Staff Services Manager, Hospital Disclosure and Compliance Unit, Nancy Yu, Raeesah Ali, and Houston Wilfley, Associate Governmental Program Analysts, were also present as observers for Respondent.

Sutter Health, owner and operator of California Pacific Medical Center – Van Ness Campus, Eden Medical Center, Memorial Hospital Los Banos, Mills-Peninsula Medical Center, Sutter Amador Hospital, Sutter Auburn Faith Hospital, Sutter Davis Hospital, Sutter Maternity and Surgery Center of Santa Cruz, Sutter Surgical Hospital - North Valley,<sup>1</sup> collectively, “Appellant,” was represented by Alex McCracken, System Director of Vendor Relations.

Both documentary and testamentary evidence were received. The hearing concluded at

---

<sup>1</sup> Department of Public Health, Cal Health Find Database <https://www.cdph.ca.gov/Programs/CHCQ/LCP/CalHealthFind/Pages/Home> [as of November 23, 2025].

2:22 PM PST. The record was held open to allow Respondent to resubmit consolidated exhibits without duplicative numbers. The matter was submitted for decision and the record was closed on Tuesday, December 9, 2025, at 12:14 PM PST.

### **PROCEDURAL FINDINGS**

1. Between August 19, 2025, and August 21, 2025 Respondent assessed nine penalties against Appellant in the total amount of \$5,100 for the late reporting of nine Hospital Supplier Diversity Plans.<sup>2</sup>
2. Appellant appealed the penalty by submitting nine Request for Administrative Hearing forms dated September 17, 2025, and received by the HCAI Hearing Office on September 17, 2025.
3. Appellant submitted its appeal within the required thirty days from the date of the penalty letters.<sup>3</sup>
4. Respondent submitted written exhibits to the Hearing Office and Appellant in advance of the hearing in a timely manner. The Hearing Office requested that Appellant resubmit its exhibits as one consolidated set of exhibits instead of nine separate portfolios. Exhibits 1 through 15 were submitted following the hearing. Appellant had no objection to any exhibit. The exhibits were found to be authentic and relevant and admitted to the record.
5. Appellant submitted a letter of explanation to the Hearing Office and Respondent at the time of appeal. This letter was found to be authentic and relevant and admitted to the record as exhibit A.

### **FACTUAL FINDINGS**

1. Appellant was required under Health and Safety Code section 1339.87 to file or request

---

<sup>2</sup> Health & Saf. Code, § 1339.87. *See also* exhibit 12.

<sup>3</sup> Health & Saf. Code, § 1339.87. *See also* Cal. Code Regs. Tit. 22, § 95009.

an extension for nine Hospital Supplier Diversity Plans for the Report Period Ended (“RPE”) date of December 31, 2024 by Tuesday, July 1, 2025.<sup>4</sup>

2. On Sunday, June 1, 2025, Saturday, June 21, 2025, and Monday, June 30, 2025, Respondent emailed the registered primary contact for Appellant with an automated reminder of the due date.<sup>5</sup> The automated emails all indicate that user guides and additional resources are available on Respondent’s Supplier Diversity webpage and include the web address.<sup>6</sup>

3. On Monday, June 30, 2025, Respondent received a request from Ms. McCracken to become a registered user for Appellant.<sup>7</sup> This transaction was processed on Monday, June 30, 2025 at 9:15 AM.<sup>8</sup>

4. On Monday, June 30, 2025, at 9:21 AM, Appellant’s representative requested the available extension for all nine facilities at issue, as well as fourteen others. The extensions were granted. Following the expiration of the extension, Appellant’s Plans were due to Respondent by Thursday, July 31, 2025.

5. On Tuesday, July 1, 2025, Monday, July 21, 2025, and Wednesday, July 30, 2025, Respondent sent automated email reminders to Appellant.<sup>9</sup> The automated emails all indicate that user guides and additional resources are available on Respondent’s Supplier Diversity webpage and include the web address.

6. Respondent sent an automated delinquent Plan notification to Appellant on Friday, August 1, 2025 for 23 facilities.<sup>10</sup>

7. As detailed below, the nine penalties at issue accrued from Friday, August 1, 2025 until between Monday, August 4, 2025 and Wednesday, August 6, 2025 when the Plans at issue were filed on a rolling basis.<sup>11</sup>

---

<sup>4</sup> Health & Saf. Code, § 1339.87. *See also* Cal. Code Regs. Tit. 22, §§ 95004 and 95005.

<sup>5</sup> Exhibit 2.

<sup>6</sup> Exhibits 2, 4 and 11. *See also* Department of Health Care Access and Information, Hospital Supplier Diversity Reporting Program <https://hcai.ca.gov/data/cost-transparency/hospital-supplier-diversity/#reporting-resources> [as of November 1, 2025].

<sup>7</sup> Exhibit 3.

<sup>8</sup> Exhibit 5.

<sup>9</sup> Exhibit 1.

<sup>10</sup> Exhibit 10.

<sup>11</sup> Respondent’s Notice of Penalty.

8. In accordance with Health and Safety Code section 1339.87, subsection (c), Respondent assessed penalties in the amount of \$100 per day for six days against California Pacific Medical Center – Van Ness Campus, resulting in a penalty amount of \$600.<sup>12</sup>
9. In accordance with Health and Safety Code section 1339.87, subsection (c), Respondent assessed penalties in the amount of \$100 per day for six days against Eden Medical Center, resulting in a penalty amount of \$600.<sup>13</sup>
10. In accordance with Health and Safety Code section 1339.87, subsection (c), Respondent assessed penalties in the amount of \$100 per day for six days against Memorial Hospital Los Banos, resulting in a penalty amount of \$600.<sup>14</sup>
11. In accordance with Health and Safety Code section 1339.87, subsection (c), Respondent assessed penalties in the amount of \$100 per day for six days against Mills-Peninsula Medical Center, resulting in a penalty amount of \$600.<sup>15</sup>
12. In accordance with Health and Safety Code section 1339.87, subsection (c), Respondent assessed penalties in the amount of \$100 per day for six days against Sutter Amador Hospital, resulting in a penalty amount of \$600.<sup>16</sup>
13. In accordance with Health and Safety Code section 1339.87, subsection (c), Respondent assessed penalties in the amount of \$100 per day for six days against Sutter Auburn Faith Hospital, resulting in a penalty amount of \$600.<sup>17</sup>
14. In accordance with Health and Safety Code section 1339.87, subsection (c), Respondent assessed penalties in the amount of \$100 per day for five days against Sutter Davis Hospital, resulting in a penalty amount of \$500.<sup>18</sup>
15. In accordance with Health and Safety Code section 1339.87, subsection (c), Respondent assessed penalties in the amount of \$100 per day for six days against Sutter Maternity and

---

<sup>12</sup> Health & Saf. Code, § 128770. *See also* exhibit 12.

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*

<sup>15</sup> *Id.*

<sup>16</sup> *Id.*

<sup>17</sup> *Id.*

<sup>18</sup> *Id.*

Surgery Center of Santa Cruz, resulting in a penalty amount of \$600.<sup>19</sup>

16. In accordance with Health and Safety Code section 1339.87, subsection (c), Respondent assessed penalties in the amount of \$100 per day for four days against Sutter Surgical Hospital – North Valley, resulting in a penalty amount of \$400.<sup>20</sup>

17. These facts were substantiated both by oral statements made under oath by Ms. Lopez at the hearing and written exhibits.

18. Appellant submitted exhibits with its appeal and made oral statements of facts it believes show good cause why the plans at issue were not reported in a timely manner.

19. In its written statement, Appellant stated that in HCAI Hospital Supplier Diversity Commission meetings, the issue of the vendors labeled as “unknown minority” was discussed. Appellant tried to provide greater data fidelity in its Plans reported to Respondent for FY2024 then FY2023, but data accessibility was impacted and the reporting of the Plans were delayed.<sup>21</sup>

20. Ms. McCracken testified that the previous Plan preparer, Brian Kay, left Appellant’s employment in or around April of 2025. Following this, she had to take over the duty of preparing and reporting the Plans to Respondent. Ms. McCracken worked with Respondent to update account information and gain access to the portal, which she then used to timely request extensions for 23 of Appellant’s Plans. Following this, she stated that she began preparing the Plans for all the facilities. However, she had to manually gather the data for the two table sections of the Plans, especially in trying to associate vendors with a minority category other than “unknown minority.”

21. In addition, Ms. McCracken testified that she was unaware that amendments could be made to the Plans following their submission to Respondent. In response, Ms. Lopez did point to the QuickStart Guides available on Respondent’s website, including “Revising a Submitted Report,” which provided that revisions to Plans were possible. Ms. McCracken stated that she is now aware of the availability of revisions and the process to do so, but that the reports will not be late in the future.

---

<sup>19</sup> Health & Saf. Code, § 128770. *See also* exhibit 12.

<sup>20</sup> *Id.*

<sup>21</sup> Exhibit A.

22. These facts were substantiated by oral statements made under oath by Ms. McCracken at the hearing as well as written exhibits.<sup>22</sup>

## DISCUSSION AND LEGAL CONCLUSIONS

1. The issue here is whether Appellant had good cause, as required by Health and Safety Code section 128770, for failing to report its nine Plans by Thursday, July 31, 2025, and whether the penalty should be waived in whole or in part.

2. Under Health and Safety Code section 128770, subsection (c), a penalty may “be reviewed on appeal, and the penalty may be reduced or waived for good cause.” In *Waters v. Superior Court*, the California Supreme Court stated that, “good cause may be equated to a good reason for a party’s failure to perform that specific requirement from which he seeks to be excused.”<sup>23</sup> Good cause must be directly related to the specific legal requirement which the party failed to perform and should be outside the reasonable control of the party.<sup>24</sup> Good cause is sometimes defined as circumstances beyond the party’s control, and not related to the party’s own negligent act or failure to act. On an individual basis, courts and administrative bodies have often found that natural disaster, hospitalization, incapacitation, accident involvement, or loss or unavailability of records may constitute good cause.<sup>25</sup> The determination of good cause in a particular context should utilize common sense based on the totality of the circumstances, including the underlying purpose of the statutory scheme.<sup>26</sup> A party’s diligence is a factor in determining good cause for an extension or a delay.<sup>27</sup>

---

<sup>22</sup> Exhibit A.

<sup>23</sup> *Waters v. Super. Ct. of Los Angeles County* (1962) 58 Cal2d 885, 893 (hereafter *Waters*).

<sup>24</sup> *Waters, supra*, 58 Cal.2d 885,893 and Secretary of State, “Good Cause” Reasons for Waiving Late Campaign & Lobbying Filing Fees <https://www.sos.ca.gov/campaign-lobbying/good-cause-reasons-waiving-late-campaign-lobbying-filing-fees/> [as of December 4, 2019].

<sup>25</sup> Cal. Code Regs., tit. 22 § 1326-10(a)(5) and Fair Political Practices Commission, Guidelines for Waiving Late Fines (Oct. 2024) <http://www.fppc.ca.gov/content/dam/fppc/NS-Documents/TAD/FilingOfficer/700FO-Folder/Late%20Fine%20Guidelines.pdf> [as of October 7, 2025]. See also *Waters, supra*, 58 Cal.2d 885, 893.

<sup>26</sup> *Laraway v. Sutro & Co.* (2002) 96 Cal.App.4th 266, 274.

<sup>27</sup> *Tsingaris v. State of California* (1979) 91 Cal.App.3d 312, 314.

3. A party's diligence is a factor in determining good cause for an extension or a delay.<sup>28</sup> Here, Appellant experienced staff turnover which impacted the preparation of its Plans, but promptly updated its primary contact information with Respondent and timely requested the extensions for 23 Plans.<sup>29</sup> The substantiated facts also show that Appellant was attempting to address the concerns of the Commission with high levels of vendors being reported as "unknown minority." This is further substantiated through review of the Commission's Voluntary Guidelines, which states in metric 14 that hospitals should:

Develop the data infrastructure and analytics capacity to use data to inform and drive action. Gather relevant demographic data for suppliers. Utilizing recognized, national standards for race/ethnicity data collection, such as the Office of Management and Budget, will both help to improve the granularity of required reporting to HCAI and support more informed supplier diversity decisions.<sup>30</sup>

4. The fact that this statute and the Commission exists, indicate there is a public policy interest in this data, and the Commission itself believes there is a public policy interest in greater data fidelity. However, Respondent sent Ms. McCracken a link to the QuickStart Guides, which do include one on how to revise Plans which have already been reported to Respondent. Appellant stated that she is now aware that revisions can be made, the process for doing so, and that the Plans will not be late reported again. The substantiated facts also show that Ms. McCracken was working to prepare 23 Plans for Appellant and that data access issues required a certain amount of manual labor and review to obtain the data necessary to complete the Plans. The fact that only nine Plans are being reviewed in this appeal is persuasive, as is the fact that the plans at issue were submitted between two and four business days following the deadline, demonstrating ongoing good faith efforts to comply by Appellant.

5. In addition, it is, at best, a poor business practice to submit information you know is

---

<sup>28</sup> *People v. Financial & Surety, Inc.* (2016) 2 Cal.5th 35, 47. See also *Wang v. Unemployment Ins. Appeals Bd.* (1990) 225 Cal.App.3d 412, 420.

<sup>29</sup> Exhibit 1. See also Cal. Code Regs. Tit. 22, § 95001.

<sup>30</sup> Department of Health Care Access and Information, Hospital Supplier Diversity Commission Voluntary Guidelines, page 7, <https://hcai.ca.gov/wp-content/uploads/2025/08/Final-HSDC-Voluntary-Guidelines.pdf> [as of January 15, 2026].

incorrect. Revisions should be reserved for mistakes or additional information which is discovered after submission. Especially information which is certified as true and correct, which these Plans are upon submission. So, while the Plans can be revised, the substantiated facts show that Appellant was acting in good faith and with reasonable haste. However, there is also a public policy interest in meeting the timelines imposed by statute and regulation, and the penalties exist to encourage timely compliance. Therefore, there is not good cause to waive the penalties.

6. However, a one day reduction for Appellant’s good faith compliance with the Voluntary Guidelines and the public policy interest in the greater data fidelity would then bring the deadline to the weekend from Thursday, July 1, 2025. Government Code section 6707 states that “[w]hen the last day for filing any instrument or other document with a state agency falls upon a Saturday or holiday, such act may be performed upon the next business day with the same effect as if it had been performed upon the day appointed.” Government Code section 6700(a)(1) states that every Sunday is considered a holiday in the state of California. Therefore, the penalties are reduced by three days, or \$300 per Plan, for a total reduction of \$2,700.

7. The substantiated facts demonstrate that Appellant was impacted by circumstances outside its control and acted with due diligence and reasonable haste under the circumstances. Therefore, the substantiated facts show good cause for reduction of the penalty assessed.

//  
//  
//  
//  
//  
//  
//  
//  
//  
//  
//  
//

**PROPOSED ORDER**

The assessed penalty is reduced for good cause. \$2,400 is upheld.

Dated: March 9, 2025

*//original signed//*

MICHELLE CHURCH-REEVES  
Hearing Officer  
Department of Health Care Access and Information

**DECISION**

Pursuant to Health and Safety Code section 128775, after due consideration of the record,  
the Proposed Decision is:

Accepted

Rejected

Dated: March 20, 2026

*//original signed//*

ELIZABETH A. LANDSBERG  
Director  
Department of Health Care Access and Information